

## Message Text

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61

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 FEA-02 SCI-06

AGR-20 INT-08 CG-00 DOTE-00 DRC-01 /194 W

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R 141934Z MAR 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 3012

LIMITED OFFICIAL USE CARACAS 2207

E.O. 11652: N/A

TAGS: ENRG, EFIN, VE

SUBJECT: FURTHER INFORMATION ON USE OF EXTRAORDINARY OIL INCOME

REF: CARACAS 2190

1. AFTER BEING SWORN IN AS NEW FINANCE MINISTER, HECTOR HURTADO GAVE ADDITIONAL DETAILS TO PRESS ABOUT GOVERNMENT'S PLANS TO USE EXCESS PETROLEUM REVENUES. HE SAID THAT 1975 BUDGET WILL BE DEVELOPED IN NORMAL WAY TO FINANCE ORDINARY GOVERNMENT PROGRAMS OUT OF ORDINARY INCOME THAT COULD BE EXPECTED. AT LEAST HALF OF ADDITIONAL OIL REVENUES WILL BE PLACED IN A "RESERVE FUND" TO PAY FOR GOVERNMENT PROGRAMS OF HIGHEST PRIORITY, UNDER THE TERMS OF A BILL TO BE INTRODUCED WITHIN 2-3 WEEKS. HE CITED AS PRIORITY AREAS TO BE FINANCED FROM THIS FUND: STEEL, PETROCHEMICALS, OIL TANKERS, MERCHANT MARINE, AND AGRICULTURE. HURTADO ESTIMATED AMOUNT TO BE AVAILABLE FOR RESERVE FUND THIS YEAR AT SOME 20 BILLION BOLIVARES (THIS WOULD IMPLY A TOTAL ADDITIONAL INCOME FROM OIL OF SOME 40 BILLION BOLIVARES, CLEARLY AN EXCESSIVE ESTIMATE IF WORLD PETROLEUM PRICES FALL AS EXPECTED).

2. HURTADO SAID THAT ADDITIONAL INCOME FROM OIL WILL ALSO BE

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USED TO FINANCE INVESTMENTS ABROAD, IN VARIOUS ORGANIZATIONS

SUCH AS ANDEAN DEVELOPMENT CORPORATION, BANK FOR CENTRAL AMERICAN  
INTEGRATION, AND INTERAMERICAN DEVELOPMENT BANK.

3. IN A SIMILAR PRESS INTERVIEW, NEW MINISTER OF MINES AND  
HYDROCARBONS VALENTIN HERNANDEZ SAID VENEZUELA IS FIRM IN ITS  
POSITION THAT OIL PRICES SHOULD NOT BE LOWERED. HE SAID OPEC  
SHOULD NOT TAKE A BACKWARD STEP IN THIS AREA.  
MCCLINTOCK

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, PRICES, GOVERNMENT REVENUES, BUDGET SURPLUS, FINANCIAL PLANS, PRESS CONFERENCES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974CARACA02207  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** CARACAS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740345/aaaabpku.tel  
**Line Count:** 69  
**Locator:** TEXT ON-LINE  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** CARACAS 2190  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 SEP 2002 by boyleja>; APPROVED <26-Sep-2002 by MorefiRH>  
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30 JUN 2005

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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FURTHER INFORMATION ON USE OF EXTRAORDINARY OIL INCOME  
**TAGS:** ENRG, EFIN, VE, (HURTADO, HECTOR)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005